

# Annual Financial Statements

for

## **KWASANI LOCAL MUNICIPALITY**

for the year ended 30 June: **2013**

Province:

KwaZulu Natal

AFS rounding:

**R (i.e. only cents)**

### **Contact Information:**

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**KWASANI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**General information**

**Members of the Council**

Mr M Banda	<b>Mayor</b>
Mr M Banda	<b>Speaker</b>
	Member of the Executive Committee
	Member of the Executive Committee
Cllr VP Majozi	Member
Cllr SB Mqwambi	Member
Cllr PN Mncwabe	Member
Cllr EZ Radebe	Member
Cllr D Adam	Member
Cllr PR Crawley	Member

**Municipal Manager**

W. Dlamini

**Chief Financial Officer**

N Q Mzimela

**Grading of Local Authority**

Grade 1

**Auditors**

Auditor-General

**Bankers**

First National Bank of Suth Africa Ltd

**KWASANI LOCAL MUNICIPALITY**  
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**General information (continued)**

<b>Registered Office:</b>	Kwa Sani Municipality
<b>Physical address:</b>	32 Arbuckle Street Himeville 3256
<b>Postal address:</b>	<b>PO Box 43</b> Himeville 3256
<b>Telephone number:</b>	033 702 1060
<b>Fax number:</b>	033 702 1148
<b>E-mail address:</b>	<a href="mailto:mm@kwasani.co.za">mm@kwasani.co.za</a>

**KWASANI LOCAL MUNICIPALITY**  
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**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages x to x, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in **note 22** of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Municipal Manager:

*DATE*

**KWASANI LOCAL MUNICIPALITY**  
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**KWASANI LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION**

as at 30 June 2013

		<b>Restated</b>	
	<b>Note</b>	<b>2013</b>	<b>2012</b>
		<b>R</b>	<b>R</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	24 002 714	22 794 897
Trade and other receivables from exchange transactions	2	5 023 481	5 371 446
Other receivables from non-exchange transactions	3	46 049	46 049
Inventories	4	6 485	6 485
VAT receivable	10	1 990 146	821 094
<b>Non-current assets</b>			
Property, plant and equipment	6	60 453 578	58 799 820
<b>Total assets</b>		<b>91 522 452</b>	<b>87 839 791</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	8	8 475 694	9 585 596
Consumer deposits	9	6 406	6 406
Current provisions	11	2 271 631	1 470 649
Current portion of unspent conditional grants and receipts	12	9 792 144	10 917 664
Current portion of borrowings	13	527 603	118 619
Current portion of finance lease liability	14	393 245	707 941
<b>Non-current liabilities</b>			
Non-current borrowings	13	1 317 705	2 342 427
Non-current finance lease liability	14	948 238	843 029
Defined benefit plan obligations	35	506 223	401 132
<b>Total liabilities</b>		<b>24 238 889</b>	<b>26 393 464</b>
<b>Net assets</b>		<b>67 283 563</b>	<b>61 446 327</b>
<b>NET ASSETS</b>			
Reserves		-	-
Accumulated surplus / (deficit)		(67 283 563)	(61 446 327)
<b>Total net assets</b>		<b>0</b>	<b>(0)</b>

**KWASANI LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ending 30 June 2013

			Restated
	Note	2013 R	2012 R
<b>Revenue Form Non Exchange Transactions</b>			
Property rates	15	11 739 422	10 000 680
Property rates - penalties imposed and collection charges	15	732 440	784 228
Interest earned - external investments	18	931 049	819 568
Fines		72 500	124 850
Government grants and subsidies	19	26 463 651	22 833 053
<b>Revenue from Exchange Transactions</b>			
Service charges	16	2 286 284	1 925 370
Rental of facilities and equipment	17	298 287	241 652
Other income	20	308 629	623 125
<b>Total revenue</b>		<b>42 832 261</b>	<b>37 352 525</b>
<b>Expenses</b>			
Employee related costs	21	13 258 627	12 168 671
Remuneration of councillors	22	1 158 842	995 430
Bad debts		2 358 890	439 125
Depreciation and amortisation expense		1 862 212	1 752 508
Repairs and maintenance		1 721 978	1 814 577
Finance costs	24	214 415	233 249
Contracted services	25	3 312 565	4 173 265
General expenses	26	8 225 675	8 381 008
<b>Total expenses</b>		<b>32 113 203</b>	<b>29 957 834</b>
Gain / (loss) on sale of assets	27		-
Actuarial Gain / (loss)		(31 360)	77 858
<b>Surplus / (deficit) for the period</b>		<b>10 750 418</b>	<b>7 472 550</b>

**KWASANI LOCAL MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2013

	<b>Capital Redemption Reserve</b>	<b>Accumulated Surplus/(Deficit)</b>	<b>Total: Net Assets</b>
Opening Balance 2011	<b>85 595</b>	(63 635 181)	(63 549 586)
Transfers to accumulated surplus (GRAP conversion)			-
Prior year error (Note 30)		9 575 808	9 575 808
Surplus / (deficit) for the period		(7 472 550)	(7 472 550)
<b>Balance at 30 June 2012</b>	<b>85 595</b>	<b>(61 531 922)</b>	<b>(61 446 327)</b>
Transfers to / from accumulated surplus/(deficit)		(4 577 031)	(4 577 031)
Prior period error		9 575 808	9 575 808
Surplus / (deficit) for the period		(10 750 418)	(10 750 418)
<b>Balance at 30 June 2013</b>	<b>85 595</b>	<b>(67 283 563)</b>	<b>(67 197 968)</b>



**KWASANI LOCAL MUNICIPALITY**

**COMPARISON WITH THE BUDGET**

Description	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)	Virement (i.t.o. Council Approved By-law)	Final Budget	Actual Income	Unauthorised Expenditure	Variance	Actual Income As % Of Final Budget	Actual Outcome As % Of Original Budget
	2	3	4	5	6	7	8	9
	R	R	R	R	R	R	R	R
<b><u>Financial Performance</u></b>								
Property Rates	11 860 598	0	11 860 598	12 471 861		611 263	5%	-5%
Service Charges	2 204 946	0	2 204 946	2 286 284		81 338	4%	-4%
Investment Revenue	1 133 030	0	1 133 030	931 049		-201 981	-18%	18%
Transfers Recognised - Operational	24 050 684	0	24 050 684	26 463 651		2 412 967	10%	-10%
Other Own Revenue	1 708 859	0	1 708 859	679 416		-1 029 443	-60%	60%
<b>Total Revenue (Excluding Capital Transfers &amp; Contributions)</b>	40 958 117	0	40 958 117	42 832 261	0	1 874 144	135	-5%
Employee Costs	13 096 619	0	13 096 619	13 258 627	-162 008	162 008	1%	-1%
Remuneration Of Councillors	1 460 934	0	1 460 934	1 158 842	302 092	-302 092	-21%	21%
Debt Impairment		0	0	1 862 212	-2 358 890	2 358 890	0%	0%
Depreciation & Asset Impairment	1 957 138	0	1 957 138	2 803 495	-846 357	846 357	43%	-43%
Finance Charges	83 319	0	83 319	214 415	-131 096	131 096	157%	-157%
Materials & Bulk Purchases	0	0	0	0	0	0	0%	0%
Transfers & Grants	0	0	0	0	0	0	0%	0%
Other Expenditures	22 962 592	0	22 962 592	13 291 264	9 671 328	-9 671 328	-42%	42%
<b>Total Expenditure</b>	39 560 602	0	39 560 602	32 588 854	6 475 070	-6 475 070	110	114
<b>Surplus/(Deficit)</b>	1 397 515	0	415 876	7 352 722	2 613 810	-6 936 846	25	27
Transfers Recognised - Capital								
Contributions Recognised - Capital & Contributed Assets								
<b>Surplus/(Deficit) After Capital Transfers &amp; Contributions</b>	415 876	0	415 876	7 352 722	2 613 810	-6 936 846	25	27
Share Of Surplus/(Deficit) Of Associate								
<b>Surplus/(Deficit For The Year)</b>	415 876	0	415 876	7 352 722	2 613 810	-6 936 846	25	27
<b><u>Capital Expenditure &amp; Funds Sources</u></b>								
<b>Capital Expenditure</b>								
Transfers Recognised - Capital			9 567 000	0	0	15 969 547	167%	59
Public Contributions & Donations	0	0	0	0	0	0	0%	0
Borrowing	0	0	0	0	0	0	0%	0
Internally Generated Funds	0	0	2 202 000	864 736	0	1 337 264	61%	45
<b>Total Sources Of Capital Funds</b>	0	0	27 183 000	9 876 189	0	17 306 811	75	104
<b><u>Cash flows</u></b>								
Net Cash From (Used) Operating		0	10 476 081			10 476 081	100%	0
Net Cash From (Used) Investing		0	-13 942 529			-13 942 529	100%	0
Net Cash From (Used) Financing		0	857 422			857 422	100%	0
<b>Cash/Cash Equivalents At The Year End</b>	0	0	-2 609 026	0		-2 609 026	0	0

<b>KWASANI LOCAL MUNICIPALITY</b> <b>CASH FLOW STATEMENT</b> as at 30 June 2013			
	Note	2013 R	2012 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		40 357 417	20 917 083
Taxation			
Sales of goods and services		15 056 433	12 951 930
Grants		26 463 651	22 833 053
Interest received		931 049	819 568
Other receipts		381 129	747 975
Movement in Receivables		(2 474 845)	(16 435 442)
Payments		29 958 628	17 440 667
Employee costs		14 417 469	13 164 101
Suppliers		11 538 240	12 554 274
Interest paid		214 415	185 386
Other payments		5 943 080	1 814 577
Movement in Payables		(2 154 575)	(10 277 671)
<b>Net cash flows from operating activities</b>	28	<b>10 398 789</b>	<b>3 476 417</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (PPE)		(11 547 858)	(10 647 325)
Proceeds from sale of fixed assets			
Proceeds from sale of investments			8 072 086
Purchase of intangibles			
Decrease/(Increase) in Loans and receivables		2 387 931	
<b>Net cash flows from investing activities</b>		<b>(9 159 927)</b>	<b>(2 575 239)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings			797 164
Repayment of borrowings			
Proceeds from finance lease liability			
Repayment of finance lease liability			
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>797 164</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>1 238 862</b>	<b>1 698 342</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>22 794 897</b>	<b>698 075</b>
<b>Net cash and cash equivalents at end of period</b>	29	<b>24 033 759</b>	<b>2 396 417</b>

**KWASANI LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2013

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

**1.4 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**2 PROPERTY, PLANT AND EQUIPMENT**

**2.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

## **2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)**

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

### 2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

### 2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

#### Infrastructure

Roads and Paving	10-25 yrs
Pedestrian Malls	10-25 yrs
Sewerage	10-25 yrs

#### Community

Buildings	30yrs
Recreational Facilities	30yrs
Security	30yrs
Halls	30yrs
Libraries	30yrs
Parks and gardens	30yrs
Other assets	30yrs

#### Heritage assets

Buildings	30yrs
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#### Finance lease assets

Office equipment	5yrs
Other assets	

<b>Other Property, plant and equipment</b>	<b>2-15yrs</b>
Specialist vehicles	
Other vehicles	
Office equipment	
Furniture and fittings	
Bins and containers	
Other items of plant and equipment	
Computer equipment	
Other	

Landfill sites	20yrs
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The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

### 2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 3 INTANGIBLE ASSETS

#### 3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

#### 3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### 3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	3-5yrs
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

#### 3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **4 INVESTMENT PROPERTY**

### **4.1 INITIAL RECOGNITION**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

### **4.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment property	30yrs
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### **4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL**

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

## **5 NON-CURRENT ASSETS HELD FOR SALE**

### **5.1 INITIAL RECOGNITION**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

### **5.2 SUBSEQUENT MEASUREMENT**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

## **6 INVENTORIES**

### **6.1 INITIAL RECOGNITION**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### **6.2 SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

## **7 FINANCIAL INSTRUMENTS**

### **7.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

### **7.2 SUBSEQUENT MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

#### **7.2.1 INVESTMENTS**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.



### **7.2.2 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

### **7.2.3 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

### **7.2.4 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

## **8 INVESTMENTS IN ASSOCIATES**

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgement in the context of all available information to determine if it has significant influence over an investee.

The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

## **9 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 10 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 11 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 12 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- |  |            |
|--|------------|
|  | (a) The    |
| municipality has a detailed formal plan for the restructuring identifying at least:  | - the      |
| business or part of a business concerned;  | - the      |
| principal locations affected;  | - the      |
| location, function, and approximate number of employees who will be compensated for terminating their services;  | - the      |
| expenditures that will be undertaken; and  | - when the |
| plan will be implemented; and  |            |
| (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. |            |

## 13 LEASES

### 14.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

#### **14.2 MUNICIPALITY AS LESSOR**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### **14 REVENUE**

#### **15.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

## **15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

## **15.3 GRANTS, TRANSFERS AND DONATIONS**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

## **15 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

## **16 EMPLOYEE BENEFITS**

### **16.1 SHORT-TERM EMPLOYEE BENEFITS**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

### **16.2 RETIREMENT BENEFITS**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

## **17 IMPAIRMENT OF ASSETS**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

Note

	2013	Restated
	R	2012
		R
	3 244	1 391
	23 999 470	22 793 506
	24 002 714	22 794 897

IAS 39

**1 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

Cash on hand

Cash at bank

The Municipality has the following bank accounts: -

**Current Account (Primary Bank Account)**

First National Bank Limited - Underberg branch - Account number 62026224999

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

**Business cheque account**

First National Bank Limited - Underberg branch - Account number 62026225046

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

**Business cheque account**

Standard Bank Limited - Pietermaritzburg branch - Account number 0520700336

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

**Business cheque account**

First National Bank 62187280210

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

**Business cheque account**

FNB 621 Bookkeeping grant

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	Restated 2012 R
Bank statement balance at end of year		53 333	53 333
<b><u>Business cheque account</u></b>			
FNB 62148777454			
Cash book balance at beginning of year		70 457	69 767
Cash book balance at end of year		68 813	70 457
Bank statement balance at beginning of year		70 457	69 767
Bank statement balance at end of year		68 813	70 457
<b><u>Business cheque account</u></b>			
First National Bank 6219248045			
Cash book balance at beginning of year		2 712 087	2 608 460
Cash book balance at end of year		2 583 830	2 712 087
Bank statement balance at beginning of year		2 712 087	2 608 460
Bank statement balance at end of year		2 583 830	2 712 087
<b><u>Business cheque account</u></b>			
First National Bank 62282061169			
Cash book balance at beginning of year		795 253	776 422
Cash book balance at end of year		977 635	795 253
Bank statement balance at beginning of year		795 253	776 422
Bank statement balance at end of year		977 635	795 253
<b><u>Business cheque account</u></b>			
First National Bank 62235619197			
Cash book balance at beginning of year		690 347	1 243 838
Cash book balance at end of year		4 961 600	690 347
Bank statement balance at beginning of year		690 347	1 243 838
Bank statement balance at end of year		4 961 600	690 347
<b><u>Business cheque account</u></b>			
First National Bank 62098069175			
Cash book balance at beginning of year		437 716	420 965
Cash book balance at end of year		453 023	437 716
Bank statement balance at beginning of year		437 716	420 965
Bank statement balance at end of year		453 023	437 716
<b><u>Business cheque account</u></b>			

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	Restated 2012 R
<b>FNB 62026225046</b>			
Cash book balance at beginning of year		139 801	131 033
Cash book balance at end of year		208 028	139 801
Bank statement balance at beginning of year		139 801	131 033
Bank statement balance at end of year		208 028	139 801
<b>Business cheque account</b>			
<b>First National Bank 62001205708</b>			
Cash book balance at beginning of year		3 749	3 749
Cash book balance at end of year		3 749	3 749
Bank statement balance at beginning of year		3 749	3 749
Bank statement balance at end of year		3 749	3 749
<b>Business cheque account</b>			
<b>First National Bank 62090279029</b>			
Cash book balance at beginning of year		85 594	82 742
Cash book balance at end of year		756 984	85 594
Bank statement balance at beginning of year		85 594	82 742
Bank statement balance at end of year		756 984	85 594
<b>Business cheque account</b>			
<b>First National Bank 62116486087</b>			
Cash book balance at beginning of year		866 589	833 414
Cash book balance at end of year		896 902	866 589
Bank statement balance at beginning of year		866 589	833 414
Bank statement balance at end of year		896 902	866 589
<b>Business cheque account</b>			
<b>First National Bank 62092759326</b>			
Cash book balance at beginning of year		8 137	8 697
Cash book balance at end of year		7 525	8 137
Bank statement balance at beginning of year		8 137	8 697
Bank statement balance at end of year		7 525	8 137
<b>Business cheque account</b>			
<b>First National Bank 62088816726</b>			
Cash book balance at beginning of year		21 555	20 861
Cash book balance at end of year		22 171	21 555



**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	Restated 2012 R
Bank statement balance at beginning of year		21 555	20 861
Bank statement balance at end of year		22 171	21 555
<b><u>Business cheque account</u></b>			
Under/Over Bank			
Cash book balance at beginning of year		3 838	3 838
Cash book balance at end of year		3 838	3 838
Bank statement balance at beginning of year		3 838	3 838
Bank statement balance at end of year		3 838	3 838
<b><u>Business cheque account</u></b>			
FNB 62192429928			
Cash book balance at beginning of year		506 585	5 462
Cash book balance at end of year		523 883	506 585
Bank statement balance at beginning of year		506 585	5 462
Bank statement balance at end of year		523 883	506 585
<b><u>Business cheque account</u></b>			
First National Bank 62088816677			
Cash book balance at beginning of year		178 158	171 343
Cash book balance at end of year		183 780	178 158
Bank statement balance at beginning of year		178 158	171 343
Bank statement balance at end of year		183 780	178 158
<b><u>Business cheque account</u></b>			
First National Bank 62248698930			
Cash book balance at beginning of year		120 539	115 951
Cash book balance at end of year		226 006	120 539
Bank statement balance at beginning of year		120 539	115 951
Bank statement balance at end of year		226 006	120 539
<b><u>Business cheque account</u></b>			
First National Bank 62301101424			
Cash book balance at beginning of year		15 325	59 206
Cash book balance at end of year		12 214	15 325
Bank statement balance at beginning of year		15 325	59 206
Bank statement balance at end of year		12 214	15 325

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	Restated 2012 R
<b><u>Business cheque account</u></b>			
<b><u>FNB 621278</u></b>			
Cash book balance at beginning of year		10 403	113 552
Cash book balance at end of year		(5)	10 403
Bank statement balance at beginning of year		10 403	113 552
Bank statement balance at end of year		(5)	10 403
<b><u>Business cheque account</u></b>			
<b><u>First National Bank 62304523782</u></b>			
Cash book balance at beginning of year		1 050 149	1 009 954
Cash book balance at end of year		606 888	1 050 149
Bank statement balance at beginning of year		1 050 149	1 009 954
Bank statement balance at end of year		606 888	1 050 149
<b><u>Business cheque account</u></b>			
<b><u>First National Bank 62272464224</u></b>			
Cash book balance at beginning of year		16 139	15 990
Cash book balance at end of year		10 055	16 139
Bank statement balance at beginning of year		16 139	15 990
Bank statement balance at end of year		10 055	16 139
<b><u>Business cheque account</u></b>			
<b><u>First National Bank 62134476672</u></b>			
Cash book balance at beginning of year		304 260	292 621
Cash book balance at end of year		314 929	304 260
Bank statement balance at beginning of year		304 260	292 621
Bank statement balance at end of year		314 929	304 260
<b><u>Business cheque account</u></b>			
<b><u>First National Bank 62272463937</u></b>			
Cash book balance at beginning of year		3 075	3 087
Cash book balance at end of year		3 066	3 075
Bank statement balance at beginning of year		3 075	3 087
Bank statement balance at end of year		3 066	3 075
<b><u>Business cheque account</u></b>			
<b><u>FNB 62272463622</u></b>			
Cash book balance at beginning of year		27 623	26 728

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	Restated 2012 R
Cash book balance at end of year		28 407	27 623
Bank statement balance at beginning of year		27 623	26 728
Bank statement balance at end of year		28 407	27 623
<b><u>Business cheque account</u></b>			
<b><u>First National Bank 62106118997</u></b>			
Cash book balance at beginning of year		31 302	30 297
Cash book balance at end of year		32 191	31 302
Bank statement balance at beginning of year		31 302	30 297
Bank statement balance at end of year		32 191	31 302
<b><u>Business cheque account</u></b>			
<b><u>First National Bank 62106119482</u></b>			
Cash book balance at beginning of year		19 035	28 648
Cash book balance at end of year		10 063	19 035
Bank statement balance at beginning of year		19 035	28 648
Bank statement balance at end of year		10 063	19 035
<b><u>Business cheque account</u></b>			
<b><u>First National Bank 62282061424</u></b>			
Cash book balance at beginning of year		26 833	47 328
Cash book balance at end of year		10 062	26 833
Bank statement balance at beginning of year		26 833	47 328
Bank statement balance at end of year		10 062	26 833
<b><u>Business cheque account</u></b>			
<b><u>First National Bank 62090278956</u></b>			
Cash book balance at beginning of year		175 208	196 034
Cash book balance at end of year		9 985	175 208
Bank statement balance at beginning of year		175 208	196 034
Bank statement balance at end of year		9 985	175 208
<b><u>Business cheque account</u></b>			
<b><u>First National Bank 62106118624</u></b>			
Cash book balance at beginning of year		378 770	465 325
Cash book balance at end of year		12 695	378 770
Bank statement balance at beginning of year		378 770	465 325

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2013**

	Note	2013 R	Restated 2012 R
Bank statement balance at end of year		12 695	378 770
<u>Business cheque account</u>			
<u>Bank transfer</u>			
Cash book balance at beginning of year		2 421	-
Cash book balance at end of year		28 238	2 421
Bank statement balance at beginning of year		2 421	-
Bank statement balance at end of year		28 238	2 421
<u>Business cheque account</u>			
<u>Nedcor</u>			
Cash book balance at beginning of year		467 985	444 141
Cash book balance at end of year		490 741	467 985
Bank statement balance at beginning of year		467 985	444 141
Bank statement balance at end of year		490 741	467 985
<u>Business cheque account</u>			
<u>Standard Bank</u>			
Cash book balance at beginning of year		9 432	9 432
Cash book balance at end of year		9 647	9 432
Bank statement balance at beginning of year		9 432	9 432
Bank statement balance at end of year		9 647	9 432
<u>Business cheque account</u>			
<u>First National Bank 62195706208</u>			
Cash book balance at beginning of year		3 095 139	2 682 697
Cash book balance at end of year		1 206 413	3 095 139
Bank statement balance at beginning of year		3 095 139	2 682 697
Bank statement balance at end of year		1 206 413	3 095 139
<u>Business cheque account</u>			
<u>First National Bank 62278574241</u>			
Cash book balance at beginning of year		15 686	15 544
Cash book balance at end of year		15 833	15 686
Bank statement balance at beginning of year		15 686	15 544
Bank statement balance at end of year		15 833	15 686

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	Restated 2012 R
<b><u>Business cheque account</u></b>			
<b><u>First National Bank 62333916453</u></b>			
Cash book balance at beginning of year		4 165 810	-
Cash book balance at end of year		3 565 947	4 165 810
Bank statement balance at beginning of year		4 165 810	-
Bank statement balance at end of year		3 565 947	4 165 810
<b><u>Business cheque account</u></b>			
<b><u>First National Bank 62331463191</u></b>			
Cash book balance at beginning of year		3 878 388	-
Cash book balance at end of year		3 410 997	3 878 388
Bank statement balance at beginning of year		3 878 388	-
Bank statement balance at end of year		3 410 997	3 878 388
<b><u>Business cheque account</u></b>			
<b><u>Long service award FNB</u></b>			
Cash book balance at beginning of year		-	-
Cash book balance at end of year		401 132	-
Bank statement balance at beginning of year		-	-
Bank statement balance at end of year		401 132	-
<b><u>Business cheque account</u></b>			
<b><u>Miq retention</u></b>			
Cash book balance at beginning of year		-	-
Cash book balance at end of year		9 354	-
Bank statement balance at beginning of year		-	-
Bank statement balance at end of year		9 354	-
<b><u>Business cheque account</u></b>			
<b><u>Reichena Mission - FNB</u></b>			
Cash book balance at beginning of year		-	-
Cash book balance at end of year		583 326	-
Bank statement balance at beginning of year		-	-
Bank statement balance at end of year		583 326	-
<b><u>Business cheque account</u></b>			
<b><u>Spacial development</u></b>			
Cash book balance at beginning of year		5 462	-

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2013**

	Note	2013 R	Restated 2012 R	
Cash book balance at end of year		5 462	5 462	
Bank statement balance at beginning of year		-	-	
Bank statement balance at end of year		5 462	-	
<b><u>Cash on hand</u></b>		3 244	1 391	
<b>Total cash and cash equivalents</b>		<b>24 002 714</b>	<b>22 794 897</b>	<b>24 005 958</b>
		<b>24 002 714</b>	<b>22 794 897</b>	

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

Note	Restated	
	2013	2012
	R	R

2	Gross Balances	Provision for Doubtful Debts	Net Balance	GRAP 1 IAS 39
	R	R	R	

**Trade receivables**

as at 30 June 2013

Service debtors

Rates	7 250 499	3 746 272	3 504 228
Refuse	949 337	504 526	444 811
Other Debtors	1 229 986	155 544	1 074 442
<b>Total</b>	<b>9 429 823</b>	<b>4 406 342</b>	<b>5 023 481</b>

**Other receivables****Total Trade and other receivables**

as at 30 June 2012

Service debtors

Rates	5 673 194	1 740 743	3 932 451
Refuse	632 317	234 433	397 884
Other Debtors	1 113 385	72 275	1 041 110
<b>Total</b>	<b>7 418 897</b>	<b>2 047 451</b>	<b>5 371 446</b>

**Total Trade and other receivables****Rates: Ageing**

Current (0-30 days)

31 - 60 Days	389 466	231 600
61 - 90 Days	627 999	67 785
91 - 120 Days	377 389	412 482
121 - 365 Days	34 769	279 800
+ 365 Days	243 734	264 463
<b>Total</b>	<b>5 577 142</b>	<b>4 417 064</b>

**Refuse: Ageing**

Current (0 - 30 days)

31 - 60 Days	141 965	36 185
61 - 90 Days	75 653	98 812
91 - 120 Days	60 492	69 624
121 - 365 Days	50 899	59 840
+ 365 Days	620 328	367 856
<b>Total</b>	<b>949 337</b>	<b>632 317</b>

**Other: Ageing**

Current (0 - 30 days)

31 - 60 Days	19 591	26 250
61 - 90 Days	16385.82	36 185
91 - 120 Days	16385.82	98 812
121 - 365 Days	16385.82	69 624
+ 365 Days	21 664	59 840
<b>Total</b>	<b>1 139 573</b>	<b>822 674</b>

**2012/2013 : Aging Per Category**

	Government	Business	Households	Other	Total
31 - 60 Days	40 684	208 692	340 968	227 739	818 083
61 - 90 Days	8 955	165 010	155 039	140 424	469 428
91 - 120 Days	8 960	121 732	125 120	162 835	418 647
121 - 365 Days	399 598	649 117	760 197	5 914 753	7 723 665
<b>Total</b>	<b>458 197</b>	<b>1 144 551</b>	<b>1 381 324</b>	<b>6 445 751</b>	<b>9 429 823</b>

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2013**

Note

**2011/12 : Aging Per Category**

	2013 R	Restated 2012 R			
	Government	Business	Households	Other	Total
31 - 60 Days	11 140	161 624	400 576	100 685	674 025
61 - 90 Days	215 097	115 135	448 978	70 936	850 146
91 - 120 Days	24 985	117 997	398 674	67 264	608 920
121 - 365 Days	495 213	496 949	722 488	3 571 156	5 285 806
<b>Total</b>	<b>746 435</b>	<b>891 705</b>	<b>1 970 716</b>	<b>3 610 041</b>	<b>7 418 897</b>

**2 Reconciliation of the doubtful debt provision**

Balance at beginning of the year	2 047 452	1 608 326
Contributions to provision	2 358 890	439 126
Doubtful debts written off against provision	-	-
Reversal of provision	-	-
<b>Balance at end of year</b>	<b>4 406 342</b>	<b>2 047 452</b>

**3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

IAS 39

Deposits held - Petrol	32 600	32 600
Deposits held - Petrol	13 449	13 449
<b>Total Other Debtors</b>	<b>46 049</b>	<b>46 049</b>

IAS 39  
GRAP 12

**4 INVENTORIES**

**Opening balance of inventories:**  
Spare parts  
**Closing balance of inventories:**  
Spare parts

<b>6 485</b>	<b>6 485</b>
6 485	6 485
<b>6 485</b>	<b>6 485</b>
6 485	6 485



**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**6 PROPERTY, PLANT AND EQUIPMENT**

**6.1 Reconciliation of Carrying Value**

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
<b>as at 1 July 2012</b>	<b>31 768 498</b>	<b>9 191 123</b>	<b>5 757 361</b>	<b>9 434 758</b>	-	<b>1 884 654</b>	<b>763 425</b>	<b>58 799 820</b>
Cost/Revaluation	31 768 498	9 827 912	13 244 605	10 693 570	-	3 603 179	1 095 560	70 233 324
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	(636 789)	(7 487 243)	(1 258 812)	-	(1 718 524)	(332 135)	(11 433 503)
Acquisitions		50 794	9 551 681	159 963	-	275 521	-	10 037 959
Capital under Construction	-	-	7 564 461	-	-	-	-	7 564 461
Depreciation	-	(225 730)	(431 016)	(611 416)	-	(505 367)	(17 796)	(1 791 325)
Carrying value of disposals	<b>6 821 065</b>	-	-	-	-	-	-	<b>6 821 065</b>
Cost/Revaluation	6 821 065	-	-	-	-	-	-	6 821 065
Accumulated depreciation and impairment losses	-		-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-		(299 075)	-	-	-	-	(299 075)
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
<b>as at 30 June 2013</b>	<b>22 996 935</b>	<b>5 917 961</b>	<b>37 118 347</b>	<b>8 983 305</b>	-	<b>1 654 809</b>	<b>1 445 491</b>	<b>60 453 578</b>
Cost/Revaluation	22 996 935	6 481 406	28 636 643	10 853 533	-	3 878 700	1 095 560	73 942 776
Accumulated depreciation and impairment losses	-	563 445	8 481 704	1 870 228	-	2 223 891	349 931	13 489 199

Refer to Appendix B for more detail on property, plant and equipment [App B!A1](#)

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**6.1 Reconciliation of Carrying Value**

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
<b>as at 30 June 2012</b>	<b>11 367 000</b>	<b>9 191 123</b>	<b>937 608</b>	<b>7 696 326</b>		<b>1 012 678</b>	<b>735 643</b>	<b>30 940 378</b>
Cost/Revaluation	11 367 000	9 827 912	7 788 062	8 955 138		2 731 203	1 067 778	41 737 093
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	(636 789)	(6 850 454)	(1 258 812)		(1 718 524)	(332 135)	(10 796 714)
Acquisitions	-	-	4 053 305	1 738 432	-	871 976	27 782	6 691 495
Capital under Construction	-	-	307 044	-	-	-	-	307 044
Depreciation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	351 434	-	-	351 434
Cost/Revaluation	-	-	-	-	351 434	-	-	351 434
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
<b>as at 30 June 2012</b>	<b>31 768 498</b>	<b>9 191 123</b>	<b>5 757 361</b>	<b>9 434 758</b>		<b>1 884 654</b>	<b>763 425</b>	<b>58 799 820</b>
Cost/Revaluation	31 987 065	9 827 912	13 244 605	10 693 570		3 603 179	1 095 560	70 451 891
Accumulated depreciation and impairment losses	218 567	636 789	7 487 243	1 258 812		1 718 524	332 135	11 652 071

\*Other movements consist of .....

Refer to Appendix B for more detail on property, plant and equipment [App B'IA1](#)

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	Restated 2012
	R	R
<b>7 NON-CURRENT ASSETS HELD FOR SALE</b>		
Investment property	11 961 000	20 988 000
	<b>11 961 000</b>	<b>20 988 000</b>

**7.1 DETAILS OF PROPERTY**

Airfield	2 161 000	9 968 000
Sisonke Offices	2 300 000	8 420 000
Underberg Clinic	7 500 000	2 426 602
	<b>11 961 000</b>	<b>20 814 602</b>

**Rental income from investment property (recognised in surplus for the year)**

**Airfield**

The municipality leases the airfield to 5 private individuals. The lease agreement was entered into on 1 March 2006 for a 3 year period. It has been extended for a further 3 years and terminates on the 28 February 2012. Lease rentals for the airfield escalate at a rate of 10% per annum.

**Sisonke offices**

The municipality leases buildings to Sisonke District Municipality. This is a yearly contract that is renewable by 3 months notice by either party. Lease rentals escalate at a rate of 12% per annum.

**Clinic**

The municipality leases the clinic building to the Provincial Department of Administration. The lease term is for a period of 5 years and commenced on the 1 November 2005. Lease rentals escalate at a rate of 8% per annum.

These leases are classified as operating lease. Refer to note 29.2 for operating lease disclosure.

**Details of valuation**

Investment properties are stated at fair value, which has been determined by an independent valuer, Mr IO Gordon (Professional Valuer); of Ian Gordon Property Valuers CC. Ian Ogilvie Gordon is not connected to the municipality and has recent experience in location and category of the investment property being valued. The effective date of the revaluations was 01 July 2013. The valuation was based on open market value for existing use.

**8 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade creditors	230 446	3 123 817
Payments received in advance	1 013 988	759 582
Retentions	800 441	339 983
Other creditors	934 332	820 439
Housing Projects	5 496 486	4 541 775
<b>Total creditors</b>	<b>8 475 694</b>	<b>9 585 596</b>

**9 CONSUMER DEPOSITS**

Sisonke Deposit	6 406	6 406
<b>Total consumer deposits</b>	<b>6 406</b>	<b>6 406</b>

**10 VAT RECEIVABLE**

VAT receivable	1 990 146	821 094
	<b>1 990 146</b>	<b>821 094</b>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	Restated 2012 R
<b>11 PROVISIONS</b>		
13th Cheque Provision	818 087	359 681
Performance bonus	506 223	401 132
Provision for leave	947 321	709 836
<b>Total Provisions</b>	<b>2 271 631</b>	<b>1 470 649</b>

The movement in current provisions are reconciled as follows: -

	13th cheque Provision	Provision for leave
<b>as at 1 July 2013</b>	359 681	709 836
Contributions to provision	458 406	237 487
Expenditure incurred	-	-
<b>as at 30 June 2013</b>	<b>818 087</b>	<b>947 323</b>

<b>as at 1 July 2012</b>	-	986 458
Contributions to provision	359 681	(276 622)
Expenditure incurred	-	-
<b>as at 30 June 2012</b>	<b>359 681</b>	<b>709 836</b>

The movement in current provisions are reconciled as follows: -

	13th cheque Provision	Provision for leave
<b>as at 1 July 2013</b>	-	46 720
Contributions to provision	359 681	237 487
Expenditure incurred	-	-

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	Restated 2012
	R	R
<b>12 as at 30 June 2013</b>	<b>359 681</b>	<b>284 207</b>
<b>Unspent Conditional Grants from other spheres of Government</b>		
KwaZulu-Natal Provincial Administration Grants	2 098 340	2 493 355
Sisonke Grant - capacity building	74 515	74 515
Sisonke Grant - waste disposal Site	29 120	29 120
Sisonke Grant - shared planner	-	46 720
MFMA Grants	-	-
MSIG Grants	-	-
MIG Grants	255 886	94 284
EPWP	462 955	-
DBSA Grant	-	-
Cogta Grants (Riechenau mission)	6 473 030	7 781 372
<b>Other Unspent Conditional Grants and Receipts</b>		
Free electricity	101 926	101 926
Free basic services	296 372	296 372
<b>Total Unspent Conditional Grants and Receipts</b>	<b>9 792 144</b>	<b>10 917 664</b>

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	Restated 2012 R
<b>Current portion of unspent conditional grants and receipts</b>	<b>9 792 144</b>	<b>10 917 664</b>
<b>KwaZulu-Natal Provincial Administration Grants</b>		
Balance unspent at the beginning of the year	(2 493 355)	(2 151 297)
Current year receipts	(399 000)	(886 554)
Conditions met transferred to revenue	794 015	544 496
Conditions still to be met - remain liabilities	<u>(2 098 340)</u>	<u>(2 493 355)</u>
<b>Sisonke Grant - capacity building</b>		
Balance unspent at the beginning of the year	(74 515)	(74 515)
Current year receipts	-	-
Conditions met transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(74 515)</u>	<u>(74 515)</u>
<b>Sisonke Grant - waste disposal Site</b>		
Balance unspent at the beginning of the year	(29 120)	(29 120)
Current year receipts	-	-
Conditions met transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(29 120)</u>	<u>(29 120)</u>
<b>Sisonke Grant - shared planner</b>		
Balance unspent at the beginning of the year	(46 720)	(46 720)
Current year receipts	-	-
Conditions met transferred to revenue	46 720	-
Conditions still to be met - remain liabilities	<u>-</u>	<u>(46 720)</u>
<b>MFMA Grants</b>		
Balance unspent at the beginning of the year	-	(226 192)
Current year receipts	(1 500 000)	(1 500 000)
Conditions met transferred to revenue	1 500 000	1 726 192
Conditions still to be met - remain liabilities	<u>-</u>	<u>-</u>
<b>MSIG Grants</b>		
Balance unspent at the beginning of the year	-	(457 179)
Current year receipts	(800 000)	(790 000)
Conditions met transferred to revenue	800 000	1 247 179
Conditions still to be met - remain liabilities	<u>-</u>	<u>-</u>
<b>MIG Grants</b>		
Balance unspent at the beginning of the year	(94 284)	-
Current year receipts	(9 567 000)	(7 887 000)
Conditions met transferred to revenue	9 405 398	7 792 716
Conditions still to be met - remain liabilities	<u>(255 886)</u>	<u>(94 284)</u>

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	Restated 2012 R
<b>EPWP (Expanded Public Works Grant)</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	(1 000 000)	-
Conditions met transferred to revenue	537 045	-
Conditions still to be met - remain liabilities	<u>(462 955)</u>	<u>-</u>
<b>Free electricity</b>		
Balance unspent at the beginning of the year	(101 926)	(101 926)
Current year receipts		
Conditions met transferred to revenue		
Conditions still to be met - remain liabilities	<u>(101 926)</u>	<u>(101 926)</u>
<b>Free basic services</b>		
Balance unspent at the beginning of the year	(296 372)	(296 372)
Current year receipts		-
Conditions met transferred to revenue		-
Conditions still to be met - remain liabilities	<u>(296 372)</u>	<u>(296 372)</u>
<b>Cogta Grants</b>		
Balance unspent at the beginning of the year	(7 781 372)	
Current year receipts	-	(9 430 000)
Conditions met transferred to revenue	14 254 402	1 648 628
Conditions still to be met - remain liabilities	<u>(6 473 030)</u>	<u>(7 781 372)</u>

**KwaZulu-Natal Provincial Administration Grants**

These grants were received from the KwaZulu Natal Provincial Administration and the main purpose is to assist in reporting

**Sisonke Grants**

These grants were received from Sisonke District Municipality for capacity building, waste disposal and providing a town

**MFMA Grants**

This grant is used to promote and support reforms in financial management by building capacity in municipalities to

**Municipal Systems Improvement Grant (MSIG)**

This grant is used for infrastructure, capacity building and restructuring. The capacity building and restructuring grants were set

**Municipal Infrastructure Grant (MIG)**

This grant is used to address backlogs in municipal infrastructure required for the provision of basic services.

**DBSA Grant**

This grant was provided by the Development Bank of South Africa to assist in the development of rural areas.

**EPWP Grant**

Expanded public works programme grant is provided by to promote capacity building within the communities

**NEP Grant - Electrification**

This grant was provided by Eskom to municipalities to address the electricity backlog of occupied residential dwellings, the

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	Restated 2012
	R	R

**Free electricity**

This grant is used to subsidise the provision of electricity services to indigent community members.

**Free basic services**

This grant is used to subsidise the provision of basic services to indigent community members.

**Cogta Grants (Small Town Rehabilitation & Reichenau)**

Cogta grants in regards of Small Town Rehabilitation and Reichenau Projects

**13 BORROWINGS**

Government Loans : DBSA LOAN	1 390 150	1 916 245
Other borrowings (FNB Loan)	455 158	544 801
	<b>1 845 308</b>	<b>2 461 046</b>
Less : Current portion transferred to current liabilities	(527 603)	(118 619)
Local Registered Stock Loans		-
Annuity Loans		-
Government Loans : DBSA	(437 960)	(118 619)
Other borrowings (FNB)	(89 643)	
<b>Total borrowings</b>	<b>1 317 705</b>	<b>2 342 427</b>

Refer to Appendix A for more detail on borrowings.

**14 FINANCE LEASE LIABILITY**

**14.1 2013**

	Future finance charges	Present value of minimum lease payments
	R	R
<b>Amounts payable under finance leases</b>		
Within one year	26 420	393 245
Within two to five years	6 796	948 238
	<b>33 216</b>	<b>1 341 483</b>
Less: Amount due for settlement within 12 months (current portion)		393 245
		<b>948 238</b>

The average lease term is 5 years and the average effective borrowing rate is 9.5%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between 15% per annum. Obligations under finance leases are secured by the lessor's title to the leased asset.

**14.2 2012**

	Future finance charges	Present value of minimum lease payments
	R	R
<b>Amounts payable under finance leases</b>		



**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	Restated 2012 R
Within one year	156 963	707 941
Within two to five years	236 048	843 029
	<u>393 011</u>	<u>1 550 970</u>
Less: Amount due for settlement within 12 months (current portion)		<u>707 941</u>
		<u><b>843 029</b></u>

The average lease term is 5 years and the average effective borrowing rate is 9,5%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between 15% per annum. Obligations under finance leases are secured by the lessor's title to the leased asset.

**15 PROPERTY RATES**

<b><u>Actual</u></b>		
Residential	5 320 292	4 479 600
Commercial	5 712 344	4 924 261
State	706 786	596 819
<b>Total property rates</b>	<u><b>11 739 422</b></u>	<u><b>10 000 680</b></u>
Property rates - penalties imposed and collection charges	732 440	784 228
Less: Revenue Forgone		
<b>Total</b>	<u><b>12 471 861</b></u>	<u><b>10 784 908</b></u>

**Valuations**

Residential	701 251 000	592 337 480
Commercial	2 266 453 000	418 759 000
State	45 961 000	100 559 000
Municipal	550 862 000	1 453 893 620
<b>Total Property Valuations</b>	<u><b>3 564 527 000</b></u>	<u><b>2 565 549 100</b></u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2008. Interim valuations are processed on a during the year to take into account changes in individual property values due to alterations.

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	Restated 2012 R
<p>Rebates of 30% were granted to rates on residential properties, 30 % on agricultural properties, 30% to public service infrastructure properties and 100% to public benefit organisation properties. All properties outside Underberg &amp; Himville urban area were granted 5% additional rebate. Rates are levied on a monthly basis</p>		
<b>16 SERVICE CHARGES</b>		
Refuse removal	2 286 284	1 925 370
<b>Total Service Charges</b>	<b>2 286 284</b>	<b>1 925 370</b>
<b>17 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental of facilities	298 287	241 652
<b>Total rentals</b>	<b>298 287</b>	<b>241 652</b>
<b>18 INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	931 049	819 568
<b>Total interest</b>	<b>931 049</b>	<b>819 568</b>
<b>19 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	12 054 000	9 904 000
MIG Grant	9 405 398	7 792 716
Other Government Grants and Subsidies	5 004 253	5 136 337
<b>Total Government Grant and Subsidies</b>	<b>26 463 651</b>	<b>22 833 053</b>
<b>Equitable Share</b>		
<p>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive are exempt from payments of rates and refuse which is funded from the grant.</p>		
<b>20 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
<b>Other income</b>		
Other income	308 629	599 030
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 50)		24 095
<b>Total Other Income</b>	<b>308 629</b>	<b>623 125</b>
<b>21 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	8 863 220	8 937 261
Employee related costs - Contributions for UIF, pensions and medical aids	1 434 006	1 186 842
Travel, motor car, accommodation, subsistence and other allowances	942 289	1 083 350
Overtime payments	1 036 832	716 612
Other employee related costs	982 280	244 607
<b>Employee Related Costs</b>	<b>13 258 627</b>	<b>12 168 671</b>
There were no advances to employees		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	619 741	763 518
Performance- and other bonuses		-
Travel, motor car, accommodation, subsistence and other allowances	84 227	18 157
Contributions to UIF, Medical and Pension Funds	1 190	869
<b>Total</b>	<b>705 157</b>	<b>782 543</b>
<b>Remuneration of the Chief Finance Officer</b>		
Annual Remuneration	214 150	583 436
Performance- and other bonuses		34 833
Travel, motor car, accommodation, subsistence and other allowances	32 634	114 041
Contributions to UIF, Medical and Pension Funds	547	1 497
<b>Total</b>	<b>247 331</b>	<b>733 807</b>
<b>Remuneration of Director Community Services</b>		

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	Restated 2012 R
<b>2013</b>		
Annual Remuneration		424 163
Performance- and other bonuses		33 336
Travel, motor car, accommodation, subsistence and other allowances		72 109
Contributions to UIF, Medical and Pension Funds		27 029
<b>Total</b>	-	<b>556 637</b>

**22 REMUNERATION OF COUNCILLORS**

Executive Mayor	1 074 296	232 949
Deputy Executive Mayor	-	-
Speaker	-	-
Executive Committee Members	-	-
Councillors	-	-
Councillors' pension and medical aid contributions	-	-
Councillors' allowances	84 546	762 481
<b>Total Councillors' Remuneration</b>	<b>1 158 842</b>	<b>995 430</b>

**In-kind Benefits**

The Executive Mayor is provided with an office and secretarial support at the cost of the Council.  
The Executive Mayor has use of the Council owned vehicle for official duties.

**23 DEPRECIATION AND AMORTISATION EXPENSE**

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	Restated 2012
	R	R
Property, plant and equipment	1 862 212	1 752 508
<b>Total Depreciation and Amortisation</b>	<b>1 862 212</b>	<b>1 752 508</b>

**24 FINANCE COSTS**

Borrowings	167 756	155 461
Finance Lease obligations	46 659	77 788
<b>Total Finance Costs</b>	<b>214 415</b>	<b>233 249</b>

**25 CONTRACTED SERVICES**

<i>Contracted services for:</i>		
Internal Audit	140 146	80 033
Disaster Management	2 601	662 338
Legal Fees	274 057	426 955
Security	304 695	402 928
Refuse removal	794 534	912 090
Fire Services	841 797	987 250
Vehicle tracking	5 337	5 337
Telephone & Printing	375 782	452 408
Insurance	151 244	196 976
Printing	422 373	46 950
	<b>3 312 565</b>	<b>4 173 265</b>

**26 GENERAL EXPENSES**

Included in general expenses are the following:-

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	Restated 2012
	R	R
Advertising	312 580	225 511
Corridor development	852 411	-
Audit fees	616 917	792 689
Bank charges	54 164	35 374
Special Youth Programmes	424 311	-
SALGA	400 000	-
Free Basic Services	123 349	-
Fuel and oil	600 466	447 474
Local Economic development	102 711	148 531
Lease staff quarters	193 788	169 537
Membership fees	1 411	-
Electricity	192 299	-
Pauper Burials	8 400	-
LED	102 711	-
Spacial Development Framework	168 995	-
MAP	-	157 946
MPRA	238 410	101 948
MFMA	828 620	594 277
MSIG	800 476	492 261
Maguzwana Housing Expenses	-	2 006 042
Postage	14 105	-
Printing and stationery	86 405	207 289
Rental of buildings	-	-
Other rentals	193 238	24 090
Subscription & publication	200 000	124 619
Telephone cost	-	452 408
Training	299 006	54 683
Travel and subsistence	343 739	417 240
Uniforms & overalls	22 525	51 350
Water and Sanitation	64 237	60 926
Wormans compensation	-	201 624
Internal Audit	-	356 550
Other	1 011 448	1 258 640
	<b>8 256 721</b>	<b>8 381 008</b>
<b>27 GAIN / (LOSS) ON SALE OF ASSETS</b>		
Property, plant and equipment	-	-
<b>Total Gain / (Loss) on Sale of Assets</b>	<b>-</b>	<b>-</b>
<b>28 CASH GENERATED BY OPERATIONS</b>		
Surplus/(deficit) for the year	10 750 418	7 472 550
Adjustment for:-		-
Depreciation and amortisation	1 862 212	1 842 342
(Gain) / loss on sale of assets	31 360	(77 858)
Contribution to provisions - non-current	-	-
Contribution to provisions - current	800 982	439 125
Prior year error	1 583 236	-
Other non-cash item	-	-
<b>Operating surplus before working capital changes:</b>	<b>15 028 208</b>	<b>9 676 159</b>
(Increase)/decrease in inventories	-	-
(Increase)/decrease in trade receivables	347 965	(777 895)
(Increase)/decrease in other receivables	-	1 220
(Increase)/decrease in VAT receivable	(1 169 052)	(161 029)
(Increase)/decrease in Property, Plant and equipment	(1 653 758)	(7 425 652)
(Increase)/decrease in investments	-	(8 072 086)
Increase/(decrease) in conditional grants and receipts	(1 125 519)	7 534 343
Increase/(decrease) in trade payables	(1 109 903)	2 707 989
Increase/(decrease) in bank overdraft	-	(69 207)
Increase/(decrease) in current lease liability	(314 696)	175 524
Increase/(decrease) in consumer deposits	-	-
Increase/(decrease) in current borrowings	408 984	(155 178)
Increase/(decrease) in current provisions	800 982	206 506
Increase/(decrease) in non current borrowings	(1 024 722)	629 224
Other liability	210 300	(703 665)
<b>Cash generated by/(utilised in) operations</b>	<b>10 398 789</b>	<b>3 566 252</b>

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	Restated 2012 R
<b>29 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	24 002 714	22 794 897
Bank overdrafts	-	-
<b>Net cash and cash equivalents (net of bank overdrafts)</b>	<b>24 002 714</b>	<b>2 396 418</b>

**30 CORRECTION OF ERROR**

During the year ended 30 June 2012 and previous years, income, expenses, assets and liabilities were incorrectly recognised/stated: -

The comparative amount has been restated as follows:

Closing balance 30 June 2012 per AFS (66 019 159)

The comparative amount has been restated as follows:

Richaneu Mission Costs	461 345
Property Plant and Equipment	6 381 143
Accumulated Depreciation	(359 681)
Land Fill site	2 023 128
Interest on Investments (Nedbank)	(4 250)
External Loans Interest (DBSA)	532 642
Loan Interest Capitalised	55 310
Long Service Award	486 171

**9 575 808**

Net effect on surplus/(deficit) for the year (total adjustments)

**Restated balance 30 June 2012 (75 594 967)**

**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL**

**31 EXPENDITURE DISALLOWED**

**31.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure

Opening balance	8 682 990	7 804 486
Unauthorised expenditure current year	388 770	878 504
Approved by Council or condoned		
Transfer to receivables for recovery		
Unauthorised expenditure awaiting authorisation	<b>9 071 761</b>	<b>8 682 990</b>

Incident	Disciplinary steps/criminal proceedings
The municipality extended the scope of work for the Engineers for the GRAP 17 Asset register compilation, this resulted in the expenditure incurred being more than budget for by <b>R188,934,48</b> .	
Construction of Kwapitela Access Road had a variation of <b>R 199,836</b> thus exceeding the budgeted amount.	

**31.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure

Opening balance -	836 452	745 452
Fruitless and wasteful expenditure current year		91 000
Condoned or written off by Council		
To be recovered – contingent asset (see note 55)		
Fruitless and wasteful expenditure awaiting condonement	<b>836 452</b>	<b>836 452</b>

Incident	Disciplinary steps/criminal proceedings
The municipality constructed the road (Castle- End Road) during the 2011/12 financial year financed by the MIG funding. Castle road does not have the servitude and therefore the municipality does not have the rights to build in that particular land and thus ownership is in question. The municipality therefore could not include the road in the asset register	

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	Restated 2012
	R	R
<b>31.3 Irregular expenditure</b>		
Reconciliation of irregular expenditure		
Opening balance	7 476 420	8 325 317
Irregular expenditure current year	835 352	7 608 285
Condoned or written off by Council		(8 433 087)
Transfer to receivables for recovery – not condoned		(24 095)
	<b>8 311 772</b>	<b>7 476 420</b>

**Incident**      **Disciplinary steps/criminal proceedings**  
Irregular expenditure of R 2 568 260 relates to the deviations in relation to the Supply Chain processed not followed due to emergency procurements. These are presented to council for approval.  
The amount of R24,095 to be recovered relates to contravention of the SCM process on a tender award. Council resolved that the money will be recovered from the relevant officials and acknowledgement of debt from the officials have been obtained. This has been included as other revenue in the Statement of financial performance  
Included irregular is the amount of R 4 548 504. The municipality offered a tender to KLUS Civil CC during the financial year for the upgrading of road(Himville&Underberg).The budgeted tender amount was R 3 670 000, however the tender was awarded for an amount of R 4 548 504. Not condoned by council by year end and no disciplinary steps/ criminal proceedings taken.

**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE**  
**32 MANAGEMENT ACT**

**32.1 Audit fees**

Opening balance	67 648	16 574
Current year audit fee	586 743	860 337
Amount paid - current year	(586 743)	(792 689)
Amount paid - previous years	(67 648)	(16 574)
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>67 648</b>

The balance unpaid represents the audit fee for an interim audit conducted during March 2012. Invoice was received in June 2012

**32.2 VAT**

VAT input receivables and VAT output payables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.

**32.3 PAYE and UIF**

Opening balance	-	
Current year payroll deductions	1 601 739	1 670 000
Amount paid - current year	(1 601 739)	(1 670 000)
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

**32.4 Pension and Medical Aid Deductions**

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	Restated 2012 R
Opening balance	-	
Current year payroll deductions and Council Contributions	1 312 698	1 090 442
Amount paid - current year	(1 312 698)	(1 090 442)
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

**33 CAPITAL COMMITMENTS**

**Commitments in respect of capital expenditure**

**- Approved and contracted for**

	7 000 000	10 567 000
Infrastructure	7 000 000	10 567 000
Community		
Heritage		
Other		

**- Approved but not yet contracted for**

	2 038 300	-
Infrastructure	2 038 300	
Community		
Heritage		
Other		

**Total**

<b>9 038 300</b>	<b>10 567 000</b>
------------------	-------------------

This expenditure will be financed from:



**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	Restated 2012 R
- External Loans		
- Government Grants	9 038 300	10 567 000
- Own resources		
- District Council Grants		
	<b>9 038 300</b>	<b>10 567 000</b>

**34 Operating leases**

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

**34.1 Operating leases - lessee**

Within one year	25 827
In the second to fifth year inclusive	
After five years	
<b>Total</b>	<b>25 827</b>

Operating Leases consists of the following:  
Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of 5 years and rentals are fixed for an average of three years

**34.2 Operating leases – as lessor**

<b>Minimum lease payments due</b>		
Within one year	81 105	81 105
In second to fifth year inclusive	77 588	158 693
After five years		
<b>Total</b>	<b>158 693</b>	<b>239 798</b>

Operating Leases consists of the following:  
The operating leases include the following:

**Airfield**

The municipality leases an airfield to 5 private individuals. The lease agreement was entered into on 1 March 2006 for a three year contract period. The lease was further extended for another 3 year period which ends on the 28 February 2012. Lease rentals per month are currently at 10% escalation

**Telkom Lease**

The municipality leases one of its buildings ERF to Telkom. The lease is for a period of 9 years, 11 months. The lease terminates on the 30 November 2014, lease escalates annually at 8 %

**Sisonke District Offices**

The municipality leases building premises to Sisonke district Municipality. This is a yearly contract renewable by 3 months notice by either of the parties. Lease rentals escalate at a rate of 12% annually

**35 EMPLOYEE BENEFIT INFORMATION**

**35.1 Defined contribution plan**

All municipal employees belong to The Natal Joint Municipal Pension Fund (Superannuation) and The Natal Joint Municipal Pension Fund (Retirement) which are administered by the Province.

These schemes cannot be broken down per municipality, as they are considered to be multi-employer schemes and hence are treated as defined contribution schemes by the municipality.

Municipal employees are also members of the KwaZulu Natal Municipal Provident Fund. All contributions have been included in the employee related cost note.

**35.2 Long Service Awards**

Independent valuers, actuarial consulting, carried out a statutory valuation on an annual basis  
The principal actuarial assumptions used were as follows:

Discount rate per annum	7.91%	6.68%
General Inflation	5.80%	4.95%
Salary inflation	6.80%	5.95%
Real rate	1.04%	0.68%

Examples of mortality rates used were as follows:

Average retirement age	63	63
Mortality during employment	SA85-90	SA85-90

Members withdrawn from services: (Average for males and females)

Age 20	16%	20%
Age 30	12%	15%
Age 40	6%	6%
Age 50	2%	2%
Age 55+	0%	0%

The amounts recognised in the Statement of Financial Position were determined as follows:

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	Restated 2012
	R	R
Present value of funded obligations	506 223	401 132
Fair value of plan assets	-	-
Liability in the Statement of Financial Position	<u>506 223</u>	<u>401 132</u>

Movements in the defined benefit obligation is as follows:

Balance at beginning of the year	401 132	389 102
Current service cost	57 025	57 393
Interest cost	26 294	32 060
Benefit payments	-9 588	435
Actuarial (gains)/losses	31 360	(77 858)
Balance at end of year	<u>506 223</u>	<u>401 132</u>

The amounts recognised in the Statement of Financial Performance were as follows:

**In conclusion:**

Statement of Financial Position obligation for:

Post-employment medical benefits	N/A	N/A
Long Services Award.	506 223	401 132
	<u>506 223</u>	<u>401 132</u>

Statement of Financial performance obligation for:

Post-employment medical benefits loss	N/A	N/A
Long Service Award loss	-31 360	77 858
	<u>-31 360</u>	<u>77 858</u>
Additional retirement costs.	-	-
	<u>-31 360</u>	<u>77 858</u>

**36 CONTINGENT LIABILITY**

**KWASANI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	Restated 2012 R
<b>Claim for damages - Termination of agreement</b>		
The Municipality might be going through an arbitration regarding a breach of contract for Community watch association. Council is contesting the claim based on legal advice. A court date has not yet been set. The contingent liability includes legal costs of R80000(VAT inclusive). Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled from R800,000 Million. According to our lawyers the probability is that the municipality will lose the case as the obligation per signed contract stands.		
	880 000	1 594 000

**37 RISK MANAGEMENT**

**Maximum credit risk exposure**

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows

Cash and cash equivalents	24 002 714	22 794 897
Trade and other receivables	<b>5 023 481</b>	<b>21 153 628</b>

These balances represent the maximum exposure to credit risk.

**Liquidity risk**

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The municipality's financial liabilities are all classified as current liabilities, payable within the next 12 months, other than the long term portion of borrowings which has a non-current portion.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

	Not later than one year	Later than one to five years
Borrowings	118 619	2 390 292

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates.

At year end, financial instruments exposed to interest rate risk were as follows:

- Annuity loan	2 508 911
- Investments	

**KWASANI LOCAL MUNICIPALITY**

**APPENDIX A  
SCHEDULE OF EXTERNAL LOANS**

as at 30 June 2013

	Loan number	Redeemable Date	Balance at 30 June 2012	Received during the period	Redeemed / written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
<b>EXTERNAL LOANS</b>			<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>LONG-TERM LOANS</b>								
Stock Loan @ x% 2								
Stock Loan @ x% 3								
Stock Loan @ x% 4								
Stock Loan @ x% 5								
Stock Loan @ x% 6								
Stock Loan @ x% 7								
Stock Loan @ x% 8								
<b>Total long-term loans</b>								
<b>PPE Loan (Motor Vehicles</b>								
First National Bank 9,85%(Prime + 1,35)			544 801	-	(89 643)	455 158	368 300	
<b>GOVERNMENT LOANS</b>								
DBSA LOAN @ 5%			1 916 245	-	(526 095)	1 390 150		
<b>Total Government Loans</b>								
<b>TOTAL EXTERNAL LOANS</b>			2 461 046	-	(615 738)	1 845 308		

**KWASANI LOCAL MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2013

	Cost / Revaluation							Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Revaluation	Impairment	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R			R	R	R	R	R	R	R	R	R	R	R
<b>Land</b>															
Land	11 367 000	-			6 821 065		4 545 935	-	-	-	-	-	-	-	4 545 935
Investment Property	20 620 065	-	5 570 000	7 739 065	-	-	18 451 000	218 567	70 887	-	-	289 454	-	-	18 161 546
Investment property	-	-			-	-	-	-	-	-	-	-	-	-	-
	31 987 065	-			6 821 065	-	22 996 935	218 567	70 887	-	-	289 454	-	-	22 707 481
<b>Buildings</b>	9 827 912	50 794	47 144	3 444 444	-	-	6 481 406	636 789	225 730		(299 075)	563 445	-	-	5 917 961
<b>Infrastructure</b>															
Drains	-	-			-	-	-	-	-	-	-	-	-	-	-
Roads	10 553 974	1 987 220			-	-	12 541 193	6 398 241	301 562	-	-	6 699 803	-	-	5 841 391
Sewerage Mains & Purification	-	-			-	-	-	-	-	-	-	-	-	-	-
Street lights	135 418	-			-	-	135 418	-	-	-	-	-	-	-	135 418
Electricity Peak Load Equip	-	-			-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-			-	-	-	-	-	-	-	-	-	-	-
Transfer Station	1 364 691	-			-	-	1 364 691	831 458	-	-	-	831 458	-	-	533 233
Water Meters	-	-			-	-	-	-	-	-	-	-	-	-	-
Storm Water	883 479	-			-	-	883 479	257 545	129 454	-	-	386 999	-	-	496 480
Under construction	307 044	7 564 462				307 044	7 564 461	-							7 564 461
	13 244 605	9 551 681			-	307 044	22 489 242	7 487 243	431 016	-	(299 075)	8 481 704	-	-	14 570 983
<b>Community Assets</b>															
Taxi Rank	1 329 008	57 002		51 415	-	-	1 386 010	517 072	66 450	-	-	583 522	-	-	802 487
Libraries	-	-			-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-			-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	-	-			-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-			-	-	-	-	-	-	-	-	-	-	-
Halls	9 364 562	102 961			-	-	9 467 523	741 740	544 965	-	-	1 286 706	-	-	8 180 817
Sportfield	-	-			-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-			-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-			-	-	-	-	-	-	-	-	-	-	-
	10 693 570	159 963			-	-	10 853 533	1 258 812	611 416	-	-	1 870 228	-	-	8 983 305
<b>Heritage Assets</b>															
Historical Buildings	-	-			-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-			-	-	-	-	-	-	-	-	-	-	-
	-	-			-	-	-	-	-	-	-	-	-	-	-
<b>Total carried forward</b>	65 753 152	9 762 438			6 821 065	307 044	62 821 116	9 601 412	1 339 049	-	(299 075)	11 204 830	-	-	52 179 731

**KWASANI LOCAL MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2013

	Cost / Revaluation						Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions		Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R		R	R	R	R	R	R	R	R	R	R	R
<b>Total brought forward</b>	65 753 152	9 762 438		6 821 065	307 044	68 387 481	9 601 412	1 339 049	-	(299 075)	10 334 341	-	-	58 053 140
<b>Other Assets</b>														
Office Equipment	646 994	4 638		-	-	651 632	435 169	83 947	-	-	519 116	-	-	132 516
Furniture & Fittings	23 256	188 325		-	-	211 581	19 990	8 662	-	-	28 652	-	-	182 929
Bins and Containers	-	-		-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-		-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	2 554 858	-		-	-	2 554 858	945 508	396 418	-	-	1 341 927	-	-	1 212 931
Fire engines	-	-		-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	76 196		-	-	76 196	-	-	-	-	-	-	-	76 196
Computer Software (part of computer equipment)	-	-		-	-	-	-	-	-	-	-	-	-	-
Other Assets	378 071	6 362		-	-	384 432	317 856	16 339	-	-	334 195	-	-	50 237
	3 603 179	275 521		-	-	3 878 700	1 718 524	505 367	-	-	2 223 891	-	-	1 654 809
<b>Finance Lease Assets</b>														
Office Equipment	1 095 560	-		-	-	1 095 560	332 135	17 796	-	-	349 931	-	-	745 629
Other Assets	-	-		-	-	-	-	-	-	-	-	-	-	-
	-	-		-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>70 451 891</b>	<b>10 037 959</b>		<b>6 821 065</b>	<b>307 044</b>	<b>73 361 741</b>	<b>11 652 071</b>	<b>1 862 212</b>	<b>-</b>	<b>(299 075)</b>	<b>12 908 164</b>	<b>-</b>	<b>-</b>	<b>60 453 578</b>
<div>1 862 212.03</div> <div>0.20</div>														

**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2012

	Cost / Revaluation							Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Revaluation	Impairment	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R			R	R	R	R	R	R	R	R	R	R	R
<b>Land</b>															
Land	11 367 000	-			-		11 367 000		-		-	-	-	-	11 367 000
Investment Property	20 620 065	-			-	-	20 620 065	147 680	70 887	-	-	218 567	-	-	20 401 498
	31 987 065	-			-	-	31 987 065	147 680	70 887	-	-	218 567	-	-	31 768 498
<b>Buildings</b>	9 827 912				-	-	9 827 912	425 414	211 376	-	-	636 789	-	-	9 191 123
<b>Infrastructure</b>															
Drains		-			-	-	-		-	-	-	-	-	-	-
Roads	4 505 422	6 048 552			(483 543)	-	10 553 974	6 116 311	281 930	-	-	6 398 241	-	-	4 155 733
Sewerage Mains & Purification					-	-	-		-	-	-	-	-	-	-
Street Lights	-	135 418			-	-	135 418		-	-	-	-	-	-	135 418
Electricity Peak Load Equip		-			-	-	-		-	-	-	-	-	-	-
Water Mains & Purification		-			-	-	-		-	-	-	-	-	-	-
Transfer Station	1 364 691	-			-	-	1 364 691	763 223	68 235	-	-	831 458	-	-	533 233
Water Meters		-			-	-	-		-	-	-	-	-	-	-
Storm Water	883 479				-	-	883 479	109 647	147 898	-	-	257 545	-	-	625 934
Under construction	1 034 471	107 550			834 977		307 044								307 044
	7 788 062	6 291 520			351 434	-	13 244 605	6 989 180	498 063	-	-	7 487 243	-	-	5 757 361
<b>Community Assets</b>															
Taxi Rank	1 329 008	-			-	-	1 329 008	450 621	66 450			517 072	-	-	811 936
Libraries		-			-	-	-		-	-	-	-	-	-	-
Recreation Grounds		-			-	-	-		-	-	-	-	-	-	-
Civic Buildings		-			-	-	-		-	-	-	-	-	-	-
Sportsfield		-			-	-	-		-	-	-	-	-	-	-
Halls	7 626 130	1 738 432			-	-	9 364 562	493 462	248 278	-	-	741 740	-	-	8 622 822
Theatre		-			-	-	-		-	-	-	-	-	-	-
Swimming Pools		-			-	-	-		-	-	-	-	-	-	-
Cemeteries		-			9 364 562	-	-		-	-	-	-	-	-	-
	8 955 138	1 738 432			-	-	10 693 570	944 083	314 729	-	-	1 258 812	-	-	9 434 758
<b>Heritage Assets</b>															
Historical Buildings		-			-	-	-		-	-	-	-	-	-	-
Paintings & Artifacts		-			-	-	-		-	-	-	-	-	-	-
	-	-			-	-	-		-	-	-	-	-	-	-
<b>Total carried forward</b>	58 558 177	8 029 952			351 434	-	65 753 152	8 506 358	1 095 054	-	-	9 601 412	-	-	56 151 740

**KWASANI LOCAL MUNICIPALITY**

**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2012

	Cost / Revaluation						Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening	Additions		Disposals	Under	Closing	Opening	Depreciation	Disposals	Impairment	Closing			
	R	R		R	R	R	R	R	R	R	R	R	R	R
<b>Total brought forward</b>	58 558 177	8 029 952		351 434	-	65 753 152	8 506 358	1 095 054	-	-	9 601 412	-	-	56 151 740
<b>Other Assets</b>														-
Office Equipment	640 855	6 139	-	-	-	646 994	349 455	85 715	-	-	435 169	-	-	211 825
Furniture & Fittings	23 256	-			-	23 256	19 422	568		-	19 990	-	-	3 266
Bins and Containers		-		-	-	-		-	-	-	-	-	-	-
Emergency Equipment		-		-	-	-		-	-	-	-	-	-	-
Motor vehicles	1 710 521	844 337		-	-	2 554 858	609 180	336 328	-	-	945 508	-	-	1 609 350
Fire engines		-		-	-	-		-	-	-	-	-	-	-
Refuse tankers		-		-	-	-		-	-	-	-	-	-	-
Computer Equipment	-			-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)		-		-	-	-		-	-	-	-	-	-	-
Plant & Equipment	356 571	21 500			-	378 071	302 125	15 731		-	317 856	-	-	60 214
	2 731 203	871 976		-	-	3 603 179	1 280 182	438 342	-	-	1 718 524	-	-	1 884 654
<b>Finance Lease Assets</b>														
Office Equipment	1 067 778	27 782		-	-	1 095 560	113 023	219 112	-		332 135	-	-	763 425
Other Assets		-		-	-	-		-	-	-	-	-	-	-
	1 067 778	27 782		-	-	1 095 560	113 023	219 112	-	-	332 135	-	-	763 425
<b>Total</b>	<b>62 357 158</b>	<b>8 929 710</b>		<b>351 434</b>	<b>-</b>	<b>70 451 891</b>	<b>9 899 563</b>	<b>1 752 508</b>	<b>-</b>	<b>-</b>	<b>11 652 071</b>	<b>-</b>	<b>-</b>	<b>58 799 820</b>
<b>Total</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**KWASANI LOCAL MUNICIPALITY**  
**APPENDIX D**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2013

2012	2012	2012		2012	2012	2012
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
6 652 669	11 230 068	(4 577 400)	Executive & Council	480 270	4 866 504	(4 386 234)
26 569 819	9 946 183	16 623 636	Finance & Admin	34 244 542	11 039 088	23 205 454
370 765	1 518 389	(1 147 624)	Planning & Development	416 514	2 458 737	(2 042 224)
-	-	-	Health	-	-	-
92 403	4 829 619	(4 737 216)	Community & Social Services	433 747	4 088 785	(3 655 038)
92 400	2 184 459	(2 092 059)	Public Safety	124 850	2 513 511	(2 388 661)
-	-	-	Sport & Recreation	-	-	-
-	-	-	Environmental Protection	-	-	-
1 873 470	2 003 343	(129 874)	Waste Management	1 553 999	3 216 159	(1 662 160)
86 593	729 176	(642 583)	Road Transport	98 604	1 179 281	(1 080 678)
-	-	-	Water	-	-	-
-	-	-	Electricity	-	-	-
-	536 792	(536 792)	Other	-	637 736	(637 736)
<b>35 738 119</b>	<b>32 978 030</b>	<b>2 760 089</b>		<b>37 352 525</b>	<b>29 999 803</b>	<b>7 352 722</b>
			Less: Inter-Department Charges			
<b>35 738 119</b>	<b>32 978 030</b>	<b>2 760 089</b>	Total	<b>37 352 525</b>	<b>29 999 803</b>	<b>7 352 722</b>